

Message Text

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SUBJECT: PRC POLICY TOWARD OVERSEAS CHINESE

1. IN RESPONSE TO INTEREST IN SUBJECT EXPRESSED BY
CANADIAN DEL, MISSION MAY CIRCULATE FOLLOWING ANALYSIS.

2. BEGIN TEXT: PRC: POLICY ON OVERSEAS CHINESE

A. CHINA'S URGENT NEED FOR SCIENTIFIC EXPERTISE AND HARD
CURRENCY TO SUPPORT ITS AMBITIOUS MODERNIZATION PLANS
IS A MAJOR FACTOR IN THE LEADERSHIP'S RECENT DECISION
MORE ACTIVELY TO CULTIVATE CHINESE RESIDENTS ABROAD.
PEKING ALSO HOPES TO USE THE LARGE OVERSEAS CHINESE

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POPULATION IN SOUTHEAST ASIA TO STRENGTHEN ITS TIES WITH
THE AREA AT THE EXPENSE OF TAIPEI AND MOSCOW.

B. CHINA IS, IN EFFECT, RETURNING TO A POLICY FOLLOWED
BEFORE THE CULTURAL REVOLUTION THAT ALLOWED SPECIAL
PRIVILEGES FOR MAINLAND RELATIVES OF OVERSEAS CHINESE --
IN THE HOPE OF ENCOURAGING THE WELL EDUCATED OVERSEAS

PROFESSIONALS TO RETURN HOME AND THE WEALTHY OVERSEAS
BUSINESSMEN TO INCREASE REMITTANCES TO RELATIVES ON THE
MAINLAND.

C. DURING THE CULTURAL REVOLUTION, RETURNED OVERSEAS
CHINESE AND THEIR RELATIVES ON THE MAINLAND WERE OFTEN
DISCRIMINATED AGAINST BY LOCAL OFFICIALS, AND REMITTANCES
AND TRAVEL TO CHINA DROPPED OFF. PERIODIC EFFORTS TO
CORRECT THE SITUATION FAILED BECAUSE THE LEADERSHIP
AT ALL LEVELS WAS TOO FACTIONALIZED TO ACT EFFECTIVELY.

D. OBSTACLES REMOVED: THE PURGE OF THE FOUR LEFTIST
POLITBURO MEMBERS IN THE FALL OF 1976 ESSENTIALLY
REMOVED THE OPPOSITION TO SPECIAL INCENTIVES FOR THE
OVERSEAS CHINESE, AND THE NEW LEADERSHIP HAS MOVED:

-- TO PROTECT THE PROPERTY AND REMITTANCES OF OVERSEAS
CHINESE FROM MISAPPROPRIATION BY LOCAL OFFICIALS.

-- TO LIBERALIZE REGULATIONS GOVERNING TRAVEL TO AND
FROM CHINA.

-- TO PROVIDE PREFERENTIAL WORK AND LIVING ARRANGEMENTS
FOR CHINESE WHO RETURN.

IN ADDITION, CHINESE WITH RELATIVES ABROAD ARE BEING
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GIVEN IMPROVED ACCESS TO EDUCATION, EMPLOYMENT, AND
PARTY MEMBERSHIP.

E. PEKING HOPES THESE MOVES WILL STRENGTHEN THE
POLITICAL AND FINANCIAL SUPPORT IT GETS FROM CHINESE
ABROAD. DURING THE PAST THREE YEARS, OVERSEAS CHINESE
HAVE CONTRIBUTED NEARLY \$1 BILLION TO PEKING THROUGH
REMITTANCES TO THEIR RELATIVES LIVING IN CHINA. IF
REMITTANCES RAPIDLY INCREASE, CHINA WOULD BE ABLE
SIGNIFICANTLY TO ACCELERATE ITS PROGRAM TO ACQUIRE
FOREIGN TECHNOLOGY.

F. PERHAPS MORE IMPORTANT THAN HARD CURRENCY IS
CHINA'S URGENT NEED FOR QUALIFIED SCIENTISTS AND
TECHNICIANS. THE NEAR COLLAPSE OF THE EDUCATIONAL
SYSTEM DURING THE CULTURAL REVOLUTION HAS CREATED A
SEVERE SHORTAGE OF THE SKILLS NEEDED TO BUILD CHINA'S
INDUSTRY.

G. ALMOST A THIRD OF CHINA'S SCIENTISTS AND ENGINEERS
HAVE RECEIVED WESTERN TRAINING, AND MANY ARE OVERSEAS
CHINESE WHO RETURNED TO CHINA IN THE MID-1950S AND EARLY

1960S. PEKING NOW HOPES IT CAN INDUCE MORE SCIENTISTS AND ENGINEERS TO RETURN, EITHER TEMPORARILY OR PERMANENTLY.

H. FOREIGN POLICY MOTIVES: THE OVERSEAS CHINESE ALSO FIGURE PROMINENTLY IN CHINA'S FOREIGN POLICY, PARTICULARLY IN SOUTHEAST ASIA WHERE MOST OF THE 20 MILLION TO 30 MILLION OVERSEAS CHINESE LIVE. PEKING HOPES TO USE THESE PEOPLE AS A BRIDGE TO FOSTER FRIENDSHIP BETWEEN CHINA AND THEIR ADOPTED HOMELANDS -- IN PART TO DISCOURAGE MOVES BY THE SOVIETS TO EXPAND THEIR INFLUENCE AT CHINA'S SOUTHERN DOOR-STEP, BUT ALSO TO ERODE THE SUPPORT THAT TAIPEI RECEIVES FROM MANY OVERSEAS CHINESE COMMUNITIES.

I. IN THE HOST SOUTHEAST ASIAN COUNTRIES, THERE IS
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CONCERN THAT ELEMENTS OF THE NEW POLICY -- SUCH AS PEKING'S REFERENCE TO OVERSEAS CHINESE AS "KINSMEN AND FRIENDS" -- MAY REPRESENT A REVIVAL OF PEKING'S COMPETITION FOR THE POLITICAL LOYALTY OF THE OVERSEAS CHINESE.

J. ALLEVIATING CONCERNS: PEKING HAS ALSO MODIFIED SOME OF ITS PRONOUNCEMENTS TO GIVE SOUTHEAST ASIAN GOVERNMENTS LESS REASON FOR WORRY. FOR INSTANCE, IN JANUARY PEKING APPEALED TO ALL OVERSEAS CHINESE -- THOSE WHO HAD ADOPTED LOCAL CITIZENSHIP AS WELL AS THOSE WHO RETAINED CHINESE CITIZENSHIP -- TO HELP CHINA IMPROVE ITS RELATIONS WITH THEIR ADOPTED COUNTRIES.

K. BY LATE FEBRUARY, PREMIER HUA KUO-FENG REFINED THIS APPEAL, ADDRESSING IT ONLY TO THOSE "CHINESE NATIONALS RESIDING ABROAD." THE MODIFICATION APPARENTLY WAS MADE IN RESPONSE TO CRITICISM THAT THE CHINESE GUIDELINES AMOUNTED TO GIVING INSTRUCTIONS TO CITIZENS OF ANOTHER COUNTRY AND INTERFERENCE IN INTERNAL AFFAIRS. IN WHAT MAY BE ANOTHER GESTURE TO THESE SAME SENSITIVITIES, THE RECENT NATIONAL PEOPLE'S CONGRESS DID NOT REESTABLISH THE OVERSEAS CHINESE AFFAIRS COMMISSION -- DESPITE STATEMENTS BY VICE PREMIER TENG HSIAO-PING AND OTHERS THAT PEKING INTENDED TO DO SO.

L. THESE SUBTLE SIGNALS MAY NOT HAVE MUCH IMPACT IN SOUTHEAST ASIA CAPITALS, BUT THEY ARE REINFORCED BY PEKING'S CONTINUING EMPHASIS ON IMPROVING OFFICIAL RELATIONS WITH GOVERNMENTS IN THE REGION. WHILE KEENLY AWARE THAT PEKING RETAINS THE OPTION OF RETURNING TO THE SUBVERSIVE POLICIES OF THE CULTURAL REVOLUTION ERA, SOUTHEAST ASIANS SEEM CONVINCED THAT CHINA IS NOT
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PREPARED TO JEOPARDIZE THE DIPLOMATIC PROGRESS IT HAS
MADE IN THE REGION DURING THE PAST SEVERAL YEARS. MOST
GOVERNMENTS IN THE AREA, ON BALANCE, SEE LITTLE CAUSE FOR
CONCERN IN PEKING'S LATEST EFFORT TO REACH OUT TO THE
OVERSEAS CHINESE. END TEXT. VANCE

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